

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

STATUTORY FINANCIAL STATEMENTS

JULY 31, 2016

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

STATUTORY FINANCIAL STATEMENTS

JULY 31, 2016

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## ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Alabama Insurance Underwriting Association

Management is responsible for the accompanying financial statements of Alabama Insurance Underwriting Association, which comprise the statutory statement of admitted assets, liabilities and surplus as of July 31, 2016, and the related statutory statement of operations and changes in surplus for the nine months then ended in accordance with statutory accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Insurance Department of the State of Alabama. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

### Supplementary Information

The supplementary information referred to in the foregoing contents is presented for purposes of additional analysis. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

### Other Matters

Management has elected to omit substantially all of the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with statutory accounting practices. If the omitted disclosures and statements of cash flows were included in the financial statements, they might influence the user's conclusions about the admitted assets, liabilities, surplus, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements do not include a provision or liability for federal income taxes because the members are taxed individually on their share of Association earnings.

We are not independent with respect to Alabama Insurance Underwriting Association because we performed certain accounting services that impaired our independence.



Foley, Alabama  
September 20, 2016

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF ADMITTED ASSETS, LIABILITIES AND SURPLUS**  
**As of July 31, 2016**

**EXHIBIT 1**

	<b>Assets</b>	<b>Assets Not Admitted</b>	<b>Admitted Assets</b>
<b><u>ASSETS</u></b>			
Cash and short-term investments	\$ 77,191,974		\$ 77,191,974
Bonds	29,145,008		29,145,008
Accounts receivable	1,790	1,790	-
Interest accrued	83,879		83,879
Furniture and equipment - net of depreciation	205,449	205,449	-
Data processing equipment - net of depreciation	115,944		115,944
Programming - net of amortization	239,447	239,447	-
Leasehold improvements - net of depreciation	591,474	591,474	-
Reinsurance:			
Prepaid reinsurance	1,430,104		1,430,104
Amounts recoverable from reinsurers	17,929		17,929
Section 444 Deposit (I.R.S.)	605,435		605,435
Total Assets	109,628,433	1,038,160	108,590,273
<b><u>LIABILITIES AND SURPLUS</u></b>			
Reserves - net of ceded			
Unpaid losses (include IBNR)			1,259,421
Unpaid loss adjustment expenses			125,943
Unearned premiums			16,967,487
Total Reserves			18,352,851
Payables for:			
Premium taxes			407,838
Operating expenses and other accounts payable			419,248
Ceded reinsurance premiums payable - net of ceding commissions			192,160
Amounts withheld for accounts of others			136,429
Accrued Pension Obligation			380,134
Premiums received in advance			2,928,735
Total Payables			4,464,544
Total Liabilities			22,817,395
Members' Surplus			81,382,498
Retained Surplus			4,390,380
Total Surplus			85,772,878
Total Liabilities and Surplus			\$ 108,590,273

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS**  
**Quarter Ended July 31, 2016**

**EXHIBIT 2**

	<b>Quarter 05/01/2016 - 07/31/2016</b>	<b>Year-To-Date 11/1/2015 - 07/31/2016</b>
<b>UNDERWRITING INCOME:</b>		
Premiums Earned	\$ 2,772,204	\$ 10,488,918
<b>DEDUCTIONS:</b>		
Losses incurred	371,487	2,633,364
Loss expenses incurred	96,708	428,109
Operating expenses incurred	2,380,873	7,036,218
Total deductions	<u>2,849,068</u>	<u>10,097,691</u>
Net Underwriting Gain or (Loss)	<u>(76,864)</u>	<u>391,227</u>
<b>OTHER INCOME (EXPENSE):</b>		
Net investment income	100,262	272,573
Realized Gains (Losses)	-	-
Other Income	23	38
Service & Agency Fees	191,890	536,510
Total other income (expense)	<u>292,175</u>	<u>809,121</u>
Net Income or (Loss)	<u>\$ 215,311</u>	<u>\$ 1,200,348</u>
<b>SURPLUS:</b>		
Surplus (prior period)	85,772,345	85,040,047
Net income or (loss)	215,311	1,200,348
Change in assets not admitted	(214,778)	(467,517)
Minimum pension liability	-	-
Net change in surplus	<u>533</u>	<u>732,831</u>
Surplus (current period)	<u>\$ 85,772,878</u>	<u>\$ 85,772,878</u>

*See Accountant's Compilation Report*

## SUPPLEMENTARY INFORMATION

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS**

Quarter Ended July 31, 2016

EXHIBIT 3A - Quarterly

Quarterly 05/01/2016 - 07/31/2016

Description	Policy Year											Total
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>INCOME RECEIVED:</b>												
Premiums Written	\$ 8,535,660	\$ (90,904)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,444,756
Reinsurance Premium Ceded	(5,128,554)	4,545	-	-	-	-	-	-	-	-	-	(5,124,009)
Net Premiums Written	3,407,106	(86,359)	-	-	-	-	-	-	-	-	-	3,320,747
Interest Received	174,498	-	-	-	-	-	-	-	-	-	-	174,498
Realized Gains (Losses)	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	23	-	-	-	-	-	-	-	-	-	-	23
Service & Agency Fees	191,890	-	-	-	-	-	-	-	-	-	-	191,890
Total Income	3,773,517	(86,359)	-	-	-	-	-	-	-	-	-	3,687,158
<b>EXPENSES PAID:</b>												
Losses	221,719	239,360	-	-	-	-	-	-	-	-	-	461,079
Loss Adjustment Expenses	38,361	64,386	2,919	-	-	-	-	-	-	-	-	105,666
Commissions	690,251	(7,272)	-	-	-	-	-	-	-	-	-	682,979
Operating Expenses	901,694	5,629	-	-	-	-	-	1,500,000	-	-	-	2,407,323
Premium Taxes	225,691	-	-	-	-	-	-	-	-	-	-	225,691
Total Expenses Paid	2,077,716	302,103	2,919	-	-	-	-	1,500,000	-	-	-	3,882,738
Net Cash Change	1,695,801	(388,462)	(2,919)	-	-	-	-	(1,500,000)	-	-	-	(195,580)
<b>RESERVES:</b>												
<i>DEDUCT (CURRENT PERIOD)</i>												
Unpaid Losses (include IBNR)	541,535	682,468	20,000	15,418	-	-	-	-	-	-	-	1,259,421
Unpaid Loss Adj. Expenses	54,154	68,247	2,000	1,542	-	-	-	-	-	-	-	125,943
Operating Expenses	555,677	-	-	-	-	-	-	-	-	-	-	555,677
Unearned Premiums	15,832,336	1,135,151	-	-	-	-	-	-	-	-	-	16,967,487
Premium Taxes	407,838	-	-	-	-	-	-	-	-	-	-	407,838
<i>ADD (PRIOR PERIOD)</i>												
Unpaid Losses (include IBNR)	313,675	1,014,338	20,000	1,000	-	-	-	-	-	-	-	1,349,013
Unpaid Loss Adj. Expenses	31,368	101,433	2,000	100	-	-	-	-	-	-	-	134,901
Operating Expenses	564,491	-	-	-	-	-	-	1,000,000	-	-	-	1,564,491
Unearned Premiums	11,250,453	5,168,491	-	-	-	-	-	-	-	-	-	16,418,944
Premium Taxes	334,144	-	-	-	-	-	-	-	-	-	-	334,144
Net Reserve Change	(4,897,409)	4,398,396	-	(15,860)	-	-	-	1,000,000	-	-	-	485,127
<b>OTHER CHANGES:</b>												
<i>DEDUCT (PRIOR PERIOD)</i>												
Interest Accrued	158,115	-	-	-	-	-	-	-	-	-	-	158,115
Assets Not Admitted	(823,382)	-	-	-	-	-	-	-	-	-	-	(823,382)
<i>ADD (CURRENT PERIOD)</i>												
Minimum Pension Liability	-	-	-	-	-	-	-	-	-	-	-	-
Interest Accrued	83,879	-	-	-	-	-	-	-	-	-	-	83,879
Assets Not Admitted	(1,038,160)	-	-	-	-	-	-	-	-	-	-	(1,038,160)
Net Other Changes	(289,014)	-	-	-	-	-	-	-	-	-	-	(289,014)
Assessments or (Distributions)	-	-	-	-	-	-	-	-	-	-	-	-
Change in Retained Surplus Increase (Decrease)	94,019	-	-	-	-	-	-	(500,000)	-	-	-	(405,981)
Change in Members' Surplus Increase (Decrease)	\$ (3,584,641)	\$ 4,009,934	\$ (2,919)	\$ (15,860)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,514

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS**

Quarter Ended July 31, 2016

EXHIBIT 3A - Year-to-Date

Year-to-Date 11/01/2015 - 07/31/2016

Description	Policy Year											Total
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>INCOME RECEIVED:</b>												
Premiums Written	\$ 24,170,314	\$ (837,184)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,333,130
Reinsurance Premium Ceded	(16,959,661)	41,859	-	-	-	-	-	-	-	-	-	(16,917,802)
Net Premiums Written	7,210,653	(795,325)	-	-	-	-	-	-	-	-	-	6,415,328
Interest Received	188,694	172,344	-	-	-	-	-	-	-	-	-	361,038
Realized Gains (Losses)	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	38	-	-	-	-	-	-	-	-	-	-	38
Service & Agency Fees	536,510	-	-	-	-	-	-	-	-	-	-	536,510
Total Income	7,935,895	(622,981)	-	-	-	-	-	-	-	-	-	7,312,914
<b>EXPENSES PAID:</b>												
Losses	737,136	1,542,712	119,385	33,929	-	-	-	-	-	-	-	2,433,162
Loss Adjustment Expenses	84,090	289,739	28,733	5,524	-	-	-	-	-	-	-	408,086
Commissions	1,682,799	180,520	-	-	-	-	-	-	-	-	-	1,863,319
Operating Expenses	2,335,123	323,103	-	-	-	-	-	1,700,000	-	-	-	4,358,226
Premium Taxes	416,127	295,916	-	-	-	-	-	-	-	-	-	712,043
Total Expenses Paid	5,255,275	2,631,990	148,118	39,453	-	-	-	1,700,000	-	-	-	9,774,836
Net Cash Change	2,680,620	(3,254,971)	(148,118)	(39,453)	-	-	-	(1,700,000)	-	-	-	(2,461,922)
<b>RESERVES:</b>												
<i>DEDUCT (CURRENT PERIOD)</i>												
Unpaid Losses (include IBNR)	541,535	682,468	20,000	15,418	-	-	-	-	-	-	-	1,259,421
Unpaid Loss Adj. Expenses	54,154	68,247	2,000	1,542	-	-	-	-	-	-	-	125,943
Operating Expenses	555,677	-	-	-	-	-	-	-	-	-	-	555,677
Unearned Premiums	15,832,336	1,135,151	-	-	-	-	-	-	-	-	-	16,967,487
Premium Taxes	407,838	-	-	-	-	-	-	-	-	-	-	407,838
<i>ADD (PRIOR PERIOD)</i>												
Unpaid Losses (include IBNR)	-	1,008,086	51,133	-	-	-	-	-	-	-	-	1,059,219
Unpaid Loss Adj. Expenses	-	100,807	5,113	-	-	-	-	-	-	-	-	105,920
Operating Expenses	-	564,969	-	-	-	-	-	-	-	-	-	564,969
Unearned Premiums	-	21,041,077	-	-	-	-	-	-	-	-	-	21,041,077
Premium Taxes	-	295,916	-	-	-	-	-	-	-	-	-	295,916
Net Reserve Change	(17,391,540)	21,124,989	34,246	(16,960)	-	-	-	-	-	-	-	3,750,735
<b>OTHER CHANGES:</b>												
<i>DEDUCT (PRIOR PERIOD)</i>												
Interest Accrued	-	172,344	-	-	-	-	-	-	-	-	-	172,344
Assets Not Admitted	-	(570,643)	-	-	-	-	-	-	-	-	-	(570,643)
Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-	-	-
<i>ADD (CURRENT PERIOD)</i>												
Minimum Pension Liability	-	-	-	-	-	-	-	-	-	-	-	-
Interest Accrued	83,879	-	-	-	-	-	-	-	-	-	-	83,879
Assets Not Admitted	(1,038,160)	-	-	-	-	-	-	-	-	-	-	(1,038,160)
Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Changes	(954,281)	398,299	-	-	-	-	-	-	-	-	-	(555,982)
Assessments or (Distributions)	-	-	-	-	-	-	-	-	-	-	-	-
Change in Retained Surplus Increase (Decrease)	254,284	-	-	-	-	-	-	(1,700,000)	-	-	-	(1,445,716)
Change in Members' Surplus Increase (Decrease)	\$ (15,919,485)	\$ 18,268,317	\$ (113,872)	\$ (56,413)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,178,547

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**MEMBERS' SURPLUS FOR UNSETTLED YEARS**  
**Inception to Quarter Ended July 31, 2016**

Exhibit 3B

Description	Policy Year										Total
	2016	2015	2014	2013	2012	2011	2010	2008	2007	2006	
<b>INCOME RECEIVED:</b>											
Premiums Written	\$ 24,170,314	\$ 41,483,294	\$ 43,985,195	\$ 45,411,235	\$ 45,970,663	\$ 45,112,079	\$ 37,491,975	\$ 24,452,221	\$ 23,456,599	\$ 17,328,303	\$ 348,861,878
Reinsurance Premiums Ceded	(16,959,661)	(23,795,035)	(21,527,994)	(20,720,834)	(19,201,996)	(17,994,845)	(17,700,790)	(14,994,792)	(10,799,284)	(4,500,230)	(168,195,461)
Net Premiums Written	7,210,653	17,688,259	22,457,201	24,690,401	26,768,667	27,117,234	19,791,185	9,457,429	12,657,315	12,828,073	180,666,417
Interest Received	188,694	322,544	348,507	326,657	95,204	40,332	21,405	486,548	677,305	307,607	2,814,803
Realized Gains (Losses)		-	-	-	(34,522)	-	-	-	-	-	(34,522)
Other Income	38	12	43	-	8	1,070	153	3,391	3,670	40	8,425
Service & Agency Fees	536,510	899,270	906,565	778,125	674,460	608,415	497,585	269,337	187,836	175,703	5,533,806
Gain (loss) on sale of non admitted asset	-	-	-	-	-	-	-	100	623	(203)	520
Total Income	7,935,895	18,910,085	23,712,316	25,795,183	27,503,817	27,767,051	20,310,328	10,216,805	13,526,749	13,311,220	188,989,449
<b>EXPENSES PAID:</b>											
Losses	737,136	3,582,614	3,499,541	3,382,421	3,264,442	1,326,634	988,594	874,566	512,315	930,913	19,099,176
Loss Adjustment Expenses	84,090	470,982	552,647	573,085	400,549	230,657	118,628	22,717	14,945	17,029	2,485,329
Commissions	1,682,799	3,310,869	3,511,240	3,626,442	3,677,749	3,629,595	2,994,514	1,961,534	2,235,084	1,744,247	28,374,073
Operating Expenses	2,335,123	3,464,390	3,340,955	3,009,063	2,734,196	2,524,526	2,327,766	1,699,718	1,497,748	1,014,262	23,947,747
Premium Taxes	416,127	1,461,184	1,556,033	1,597,766	1,624,906	1,587,348	1,350,035	855,726	848,275	624,158	11,921,558
Total Expenses Paid	5,255,275	12,290,039	12,460,416	12,188,777	11,701,842	9,298,760	7,779,537	5,414,261	5,108,367	4,330,609	85,827,883
Net Cash Change	2,680,620	6,620,046	11,251,900	13,606,406	15,801,975	18,468,291	12,530,791	4,802,544	8,418,382	8,980,611	103,161,566
<b>RESERVES:</b>											
<b>DEDUCT (CURRENT PERIOD)</b>											
Unpaid Losses (include IBNR)	541,535	682,468	20,000	15,418	-	-	-	-	-	-	1,259,421
Unpaid Loss Adjustment Expenses	54,154	68,247	2,000	1,542	-	-	-	-	-	-	125,943
Operating Expenses	555,677	-	-	-	-	-	-	-	-	-	555,677
Unearned Premiums	15,832,336	1,135,151	-	-	-	-	-	-	-	-	16,967,487
Premium Taxes	407,838	-	-	-	-	-	-	-	-	-	407,838
Total Reserves	17,391,540	1,885,866	22,000	16,960	-	-	-	-	-	-	19,316,366
<b>OTHER CHANGES:</b>											
<b>ADD (DEDUCT)</b>											
Minimum Pension Liability	-	14,335	(299,507)	115,466	(127,279)	(36,991)	27,748	(53,339)	46,800	(21,831)	(334,598)
Interest Accrued	83,879	-	-	-	-	-	-	-	-	-	83,879
Assets Not Admitted	(1,038,160)	-	-	-	-	-	-	-	-	-	(1,038,160)
Retained Surplus	(254,284)	(288,215)	(319,649)	(284,009)	(17,189)	(10,477)	-	-	-	-	(1,173,823)
Total Other Changes	(1,208,565)	(273,880)	(619,156)	(168,543)	(144,468)	(47,468)	27,748	(53,339)	46,800	(21,831)	(2,462,702)
Assessments or (Distributions)	-	-	-	-	-	-	-	-	-	-	-
Members' Surplus (Deficit)	\$ (15,919,485)	\$ 4,460,300	\$ 10,610,744	\$ 13,420,903	\$ 15,657,507	\$ 18,420,823	\$ 12,558,539	\$ 4,749,205	\$ 8,465,182	\$ 8,958,780	\$ 81,382,498

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**RETAINED SURPLUS**

**Quarter Ended July 31, 2016**

**EXHIBIT 3C - Year-to-Date**

Description	Policy Year							Total
	2016	2015	2014	2013	2012	2011	2009	
Retained Surplus Prior Period	\$ -	\$ 288,215	\$ 319,649	\$ 284,009	\$ 17,189	\$ 10,477	\$ 4,916,557	\$ 5,836,096
Change Increase (Decrease)	254,284	-	-	-	-	-	(1,700,000)	(1,445,716)
Retained Surplus Current Period	\$ 254,284	\$ 288,215	\$ 319,649	\$ 284,009	\$ 17,189	\$ 10,477	\$ 3,216,557	\$ 4,390,380

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**STATISTICAL REPORT OF PREMIUMS**

**Quarter Ended July 31, 2016**

**EXHIBIT 4A - Quarterly**

Description	Quarterly 05/01/2016 - 07/31/2016										
	2016	2015	2014	2013	2012	2011	2010	2008	2007	2006	Total
<b>PREMIUMS WRITTEN:</b>											
Fire	\$ 535,305	\$ (6,211)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529,094
E.C. & VMM	8,000,355	(84,693)	-	-	-	-	-	-	-	-	7,915,662
Reinsurance Premium Ceded	(5,128,554)	4,545	-	-	-	-	-	-	-	-	(5,124,009)
Total	3,407,106	(86,359)	-	-	-	-	-	-	-	-	3,320,747
<b>UNEARNED PREMIUMS: (PRIOR PERIOD)</b>											
Fire	717,671	328,536	-	-	-	-	-	-	-	-	1,046,207
E.C. & VMM	11,124,911	5,111,981	-	-	-	-	-	-	-	-	16,236,892
Reinsurance Unearned Ceded	(592,129)	(272,026)	-	-	-	-	-	-	-	-	(864,155)
Total	11,250,453	5,168,491	-	-	-	-	-	-	-	-	16,418,944
<b>UNEARNED PREMIUMS: (CURRENT PERIOD)</b>											
Fire	1,040,160	76,187	-	-	-	-	-	-	-	-	1,116,347
E.C. & VMM	15,625,457	1,118,709	-	-	-	-	-	-	-	-	16,744,166
Reinsurance Unearned Ceded	(833,281)	(59,745)	-	-	-	-	-	-	-	-	(893,026)
Total	15,832,336	1,135,151	-	-	-	-	-	-	-	-	16,967,487
<b>EARNED PREMIUMS:</b>											
Fire	212,816	246,138	-	-	-	-	-	-	-	-	458,954
E.C. & VMM	3,499,809	3,908,579	-	-	-	-	-	-	-	-	7,408,388
Reinsurance Earned Ceded	(4,887,402)	(207,736)	-	-	-	-	-	-	-	-	(5,095,138)
Total	\$ (1,174,777)	\$ 3,946,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,772,204

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF PREMIUMS**  
**Quarter Ended July 31, 2016**

**EXHIBIT 4A - Year-to-Date**

Description	Year-to-Date 11/01/2015 - 07/31/2016											
	2016	2015	2014	2013	2012	Policy Year 2011	2010	2008	2007	2006	Total	
<b>PREMIUMS WRITTEN:</b>												
Fire	\$ 1,497,877	\$ (47,114)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,450,763
E.C. & VMM	22,672,437	(790,070)	-	-	-	-	-	-	-	-	-	21,882,367
Reinsurance Premium Ceded	(16,959,661)	41,859	-	-	-	-	-	-	-	-	-	(16,917,802)
Total	7,210,653	(795,325)	-	-	-	-	-	-	-	-	-	6,415,328
<b>UNEARNED PREMIUMS: (PRIOR PERIOD)</b>												
Fire	-	1,314,269	-	-	-	-	-	-	-	-	-	1,314,269
E.C. & VMM	-	20,834,233	-	-	-	-	-	-	-	-	-	20,834,233
Reinsurance Unearned Ceded	-	(1,107,425)	-	-	-	-	-	-	-	-	-	(1,107,425)
Total	-	21,041,077	-	-	-	-	-	-	-	-	-	21,041,077
<b>UNEARNED PREMIUMS: (CURRENT PERIOD)</b>												
Fire	1,040,160	76,187	-	-	-	-	-	-	-	-	-	1,116,347
E.C. & VMM	15,625,457	1,118,709	-	-	-	-	-	-	-	-	-	16,744,166
Reinsurance Unearned Ceded	(833,281)	(59,745)	-	-	-	-	-	-	-	-	-	(893,026)
Total	15,832,336	1,135,151	-	-	-	-	-	-	-	-	-	16,967,487
<b>EARNED PREMIUMS:</b>												
Fire	457,717	1,190,968	-	-	-	-	-	-	-	-	-	1,648,685
E.C. & VMM	7,046,980	18,925,454	-	-	-	-	-	-	-	-	-	25,972,434
Reinsurance Earned Ceded	(16,126,380)	(1,005,821)	-	-	-	-	-	-	-	-	-	(17,132,201)
Total	\$ (8,621,683)	\$ 19,110,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,488,918

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**STATISTICAL REPORT OF LOSSES**

**Quarter Ended July 31, 2016**

**EXHIBIT 4B - Quarterly**

Description	Quarterly 05/01/2016 - 07/31/2016										Total	
	2016	2015	2014	2013	2012	Policy Year		2008	2007	2006		
						2011	2010					
<b>PAID LOSSES:</b>												
Fire	\$ 119,210	\$ 53,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,170
E.C. & VMM	114,179	197,444	-	-	-	-	-	-	-	-	-	311,623
Reinsurance Losses Ceded	(11,670)	(12,044)	-	-	-	-	-	-	-	-	-	(23,714)
<b>Total</b>	<b>221,719</b>	<b>239,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461,079</b>
<b>OUTSTANDING LOSSES (CURRENT PERIOD)*</b>												
Fire	66,212	513,107	20,000	15,418	-	-	-	-	-	-	-	614,737
E.C. & VMM	503,825	205,281	-	-	-	-	-	-	-	-	-	709,106
Reinsurance Losses Ceded	(28,502)	(35,920)	-	-	-	-	-	-	-	-	-	(64,422)
<b>Total</b>	<b>541,535</b>	<b>682,468</b>	<b>20,000</b>	<b>15,418</b>	<b>-</b>	<b>1,259,421</b>						
<b>OUTSTANDING LOSSES (PRIOR PERIOD)*</b>												
Fire	19,087	584,908	20,000	1,000	-	-	-	-	-	-	-	624,995
E.C. & VMM	311,097	478,524	-	-	-	-	-	-	-	-	-	789,621
Reinsurance Losses Ceded	(16,509)	(49,094)	-	-	-	-	-	-	-	-	-	(65,603)
<b>Total</b>	<b>313,675</b>	<b>1,014,338</b>	<b>20,000</b>	<b>1,000</b>	<b>-</b>	<b>1,349,013</b>						
<b>INCURRED LOSSES:</b>												
Fire	166,335	(17,841)	-	14,418	-	-	-	-	-	-	-	162,912
E.C. & VMM	306,907	(75,799)	-	-	-	-	-	-	-	-	-	231,108
Reinsurance Losses Ceded	(23,663)	1,130	-	-	-	-	-	-	-	-	-	(22,533)
<b>Total</b>	<b>449,579</b>	<b>(92,510)</b>	<b>-</b>	<b>14,418</b>	<b>-</b>	<b>371,487</b>						
<b>IBNR (CURRENT PERIOD)</b>												
Fire	31,847	13,107	-	-	-	-	-	-	-	-	-	44,954
E.C. & VMM	477,311	198,569	-	-	-	-	-	-	-	-	-	675,880
Reinsurance Losses Ceded	(25,458)	(10,584)	-	-	-	-	-	-	-	-	-	(36,042)
<b>Total</b>	<b>483,700</b>	<b>201,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>684,792</b>
<b>IBNR (PRIOR PERIOD)</b>												
Fire	19,087	27,370	-	-	-	-	-	-	-	-	-	46,457
E.C. & VMM	290,891	441,102	-	-	-	-	-	-	-	-	-	731,993
Reinsurance Losses Ceded	(15,499)	(19,346)	-	-	-	-	-	-	-	-	-	(34,845)
<b>Total</b>	<b>\$ 294,479</b>	<b>\$ 449,126</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 743,605</b>

\*Includes IBNR

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**STATISTICAL REPORT OF LOSSES**

**Quarter Ended July 31, 2016**

**EXHIBIT 4B - Year-to-Date**

Description	Year-to-Date 11/01/2015 - 07/31/2016										
	2016	2015	2014	2013	2012	Policy Year		2008	2007	2006	Total
						2011	2010				
<b>PAID LOSSES:</b>											
Fire	\$ 559,726	\$ 450,411	\$ 2,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,012,394
E.C. & VMM	216,206	1,170,433	118,763	33,929	-	-	-	-	-	-	1,539,331
Reinsurance Losses Ceded	(38,796)	(78,132)	(1,635)	-	-	-	-	-	-	-	(118,563)
<b>Total</b>	<b>737,136</b>	<b>1,542,712</b>	<b>119,385</b>	<b>33,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,433,162</b>
<b>OUTSTANDING LOSSES (CURRENT PERIOD)*</b>											
Fire	66,212	513,107	20,000	15,418	-	-	-	-	-	-	614,737
E.C. & VMM	503,825	205,281	-	-	-	-	-	-	-	-	709,106
Reinsurance Losses Ceded	(28,502)	(35,920)	-	-	-	-	-	-	-	-	(64,422)
<b>Total</b>	<b>541,535</b>	<b>682,468</b>	<b>20,000</b>	<b>15,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259,421</b>
<b>OUTSTANDING LOSSES (PRIOR PERIOD)*</b>											
Fire	-	142,926	22,794	-	-	-	-	-	-	-	165,720
E.C. & VMM	-	894,693	29,402	-	-	-	-	-	-	-	924,095
Reinsurance Losses Ceded	-	(29,533)	(1,063)	-	-	-	-	-	-	-	(30,596)
<b>Total</b>	<b>-</b>	<b>1,008,086</b>	<b>51,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,059,219</b>
<b>INCURRED LOSSES:</b>											
Fire	625,938	820,592	(537)	15,418	-	-	-	-	-	-	1,461,411
E.C. & VMM	720,031	481,021	89,361	33,929	-	-	-	-	-	-	1,324,342
Reinsurance Losses Ceded	(67,298)	(84,519)	(572)	-	-	-	-	-	-	-	(152,389)
<b>Total</b>	<b>1,278,671</b>	<b>1,217,094</b>	<b>88,252</b>	<b>49,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,633,364</b>
<b>IBNR (CURRENT PERIOD)</b>											
Fire	31,847	13,107	-	-	-	-	-	-	-	-	44,954
E.C. & VMM	477,311	198,569	-	-	-	-	-	-	-	-	675,880
Reinsurance Losses Ceded	(25,458)	(10,584)	-	-	-	-	-	-	-	-	(36,042)
<b>Total</b>	<b>483,700</b>	<b>201,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>684,792</b>
<b>IBNR (PRIOR PERIOD)</b>											
Fire	-	50,342	-	-	-	-	-	-	-	-	50,342
E.C. & VMM	-	790,753	-	-	-	-	-	-	-	-	790,753
Reinsurance Losses Ceded	-	(19,790)	-	-	-	-	-	-	-	-	(19,790)
<b>Total</b>	<b>\$ -</b>	<b>\$ 821,305</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 821,305</b>

\*Includes IBNR

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES**  
**Quarter Ended July 31, 2016**

EXHIBIT 4C - Quarterly

Quarterly 05/01/2016 - 07/31/2016

Description	Policy Year										Total	
	2016	2015	2014	2013	2012	2011	2010	2008	2007	2006		
<b>LOSS EXPENSES PAID:</b>												
Fire	\$ 8,943	\$ 11,098	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,106
E.C. & VMM	31,437	56,626	2,902	-	-	-	-	-	-	-	-	90,965
Reinsurance Loss Expenses Ceded	(2,019)	(3,338)	(48)	-	-	-	-	-	-	-	-	(5,405)
Total	38,361	64,386	2,919	-	-	-	-	-	-	-	-	105,666
<b>UNPAID LOSS EXPENSES (CURRENT PERIOD)*</b>												
Fire	6,622	51,311	2,000	1,542	-	-	-	-	-	-	-	61,475
E.C. & VMM	50,382	20,528	-	-	-	-	-	-	-	-	-	70,910
Reinsurance Loss Expenses Ceded	(2,850)	(3,592)	-	-	-	-	-	-	-	-	-	(6,442)
Total	54,154	68,247	2,000	1,542	-	-	-	-	-	-	-	125,943
<b>UNPAID LOSS EXPENSES (PRIOR PERIOD)*</b>												
Fire	1,909	58,491	2,000	100	-	-	-	-	-	-	-	62,500
E.C. & VMM	31,110	47,852	-	-	-	-	-	-	-	-	-	78,962
Reinsurance Loss Expenses Ceded	(1,651)	(4,910)	-	-	-	-	-	-	-	-	-	(6,561)
Total	31,368	101,433	2,000	100	-	-	-	-	-	-	-	134,901
<b>INCURRED LOSS EXPENSES:</b>												
Fire	13,656	3,918	65	1,442	-	-	-	-	-	-	-	19,081
E.C. & VMM	50,709	29,302	2,902	-	-	-	-	-	-	-	-	82,913
Reinsurance Loss Expenses Ceded	(3,218)	(2,020)	(48)	-	-	-	-	-	-	-	-	(5,286)
Total	\$ 61,147	\$ 31,200	\$ 2,919	\$ 1,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,708

\*Includes IBNR

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES**  
**Quarter Ended July 31, 2016**

**EXHIBIT 4C - Year-to-Date**

**Year-to-Date 11/01/2015 - 07/31/2016**

<b>Description</b>	<b>Policy Year</b>										<b>Total</b>
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
<b>LOSS EXPENSES PAID:</b>											
Fire	\$ 23,110	\$ 41,962	\$ 552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,624
E.C. & VMM	65,405	262,835	28,552	5,524	-	-	-	-	-	-	362,316
Reinsurance Loss Expenses Ceded	(4,425)	(15,058)	(371)	-	-	-	-	-	-	-	(19,854)
<b>Total</b>	<b>84,090</b>	<b>289,739</b>	<b>28,733</b>	<b>5,524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,086</b>
<b>UNPAID LOSS EXPENSES (CURRENT PERIOD)*</b>											
Fire	6,622	51,311	2,000	1,542	-	-	-	-	-	-	61,475
E.C. & VMM	50,382	20,528	-	-	-	-	-	-	-	-	70,910
Reinsurance Loss Expenses Ceded	(2,850)	(3,592)	-	-	-	-	-	-	-	-	(6,442)
<b>Total</b>	<b>54,154</b>	<b>68,247</b>	<b>2,000</b>	<b>1,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,943</b>
<b>UNPAID LOSS EXPENSES (PRIOR PERIOD)*</b>											
Fire	-	14,292	2,279	-	-	-	-	-	-	-	16,571
E.C. & VMM	-	89,469	2,940	-	-	-	-	-	-	-	92,409
Reinsurance Loss Expenses Ceded	-	(2,954)	(106)	-	-	-	-	-	-	-	(3,060)
<b>Total</b>	<b>-</b>	<b>100,807</b>	<b>5,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,920</b>
<b>INCURRED LOSS EXPENSES:</b>											
Fire	29,732	78,981	273	1,542	-	-	-	-	-	-	110,528
E.C. & VMM	115,787	193,894	25,612	5,524	-	-	-	-	-	-	340,817
Reinsurance Loss Expenses Ceded	(7,275)	(15,696)	(265)	-	-	-	-	-	-	-	(23,236)
<b>Total</b>	<b>\$ 138,244</b>	<b>\$ 257,179</b>	<b>\$ 25,620</b>	<b>\$ 7,066</b>	<b>\$ -</b>	<b>\$ 428,109</b>					

\*Includes IBNR